



Global skills investment

A position paper by the Adecco Group

THE ADECCO GROUP

Adecco **AKKODIS** LHH

Executive summary

The global skills shortage requires action on many fronts, including talent mobility and activation of people outside of the labour market. It also requires more investment in labour market relevant skills during initial education.

This need has been long-identified and some countries are starting to put in place impactful measures. The most urgent action however is in adult learning. The traditional division of roles between employers and governments is no longer adequate, and we need to make significant public funding available. We should consider a joint spending norm of up to 0,5% of GDP

on adult learning. Once we do that, it makes sense to also ensure we take a number of flanking actions to further support re- and upskilling such as enabling peer-to-peer learning, investing in new models and partnerships for education and training, promoting work-based learning, and looking into innovative financing for re- and upskilling.



Introduction: What is the challenge?

Most advanced economies face an overall talent shortage, which hampers their competitiveness. In our view, this problem is twofold:

1. Quantitative: not enough people are available on the labour market

- Largely due to the effects of demography, with an ageing society leading to talent stepping away from work and smaller numbers of youth entering the labour market;
- There is a geographic mismatch between skills demand and supply;

2. Qualitative: there is a skills mismatch

- There is a mismatch between the world of (childhood/initial) education & the world of work with education lagging behind recent developments in skills needs;
- New skill needs arise and old skills become obsolete due to the green and digital transition, not enough people are participating in adult learning.

The quantitative challenge may (in part) be solved by talent mobility. Already today we are proud that the Adecco Group plays an important role in solving this from two sides. We help companies move their economic activity to where the people are, or vice versa: we help move talent to where the jobs are. For more information on our approach, see our dedicated paper on Talent Mobility [\[link\]](#).

Countries that face a shortage of workers would also benefit from investing heavily in activation of groups that so far have been out of the labour market – typically targeted and recognized in Active Labour Market Policies (ALMPs). Here we should think of improving the female labour force participation, but also more specific groups including NEETs (young people not in employment, education or training), older workers, refugees, people with a disability, former military personnel / veterans and military spouses, or people with a history in the justice system. Inclusion and building continuous employability is the path to ensure everyone benefits: companies, workers, and society as a whole.

Even when we could solve the qualitative demographics challenge via talent mobility and activation, people will need the skills to succeed. For this, we need to ensure demand-driven education and training. This is the focus for the rest of this paper.



Initial education and adult learning as solutions to the skills challenge

Some part of the solution lies with initial education. In our [Business Leaders Survey](#), 48% of respondents across 9 countries agreed that skills gaps are best closed by matching skills taught in education (e.g., school, university) with those required by employers.

In our view, work-based learning and vocational education should be promoted and embedded in higher education pathways.

The Swiss apprenticeship system is a well-known global “gold standard”, but there are many other pockets of excellence, where schools (particularly in secondary and postsecondary education) work together with champions in specific sectors to ensure knowledge and skills are relevant and up to date.

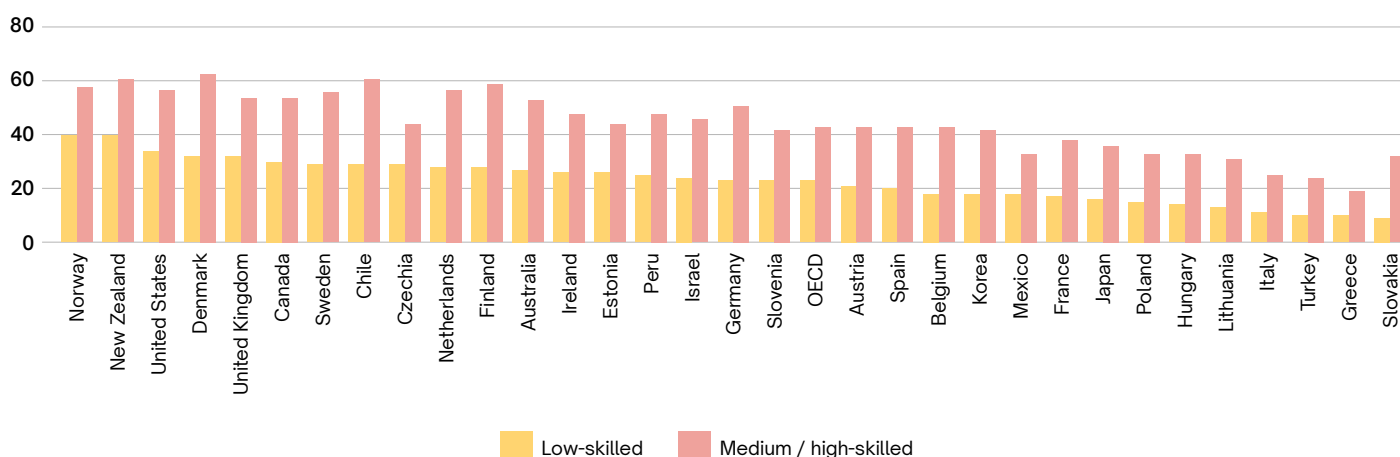
One of the success factors for workers experiencing labour market transitions is a learning mindset, ensuring they will be able to adapt to newly arising environments and technologies. It is important that schools invest in creating such a learning mindset among their students already from an early age.

Most importantly however, **adult education and life-long learning are crucial to ensure workers remain employable and can withstand the effects - even reap the benefits of - the Digital and Green transition.** 60% of business leaders in the same survey agree that rapidly developing demand for new skills is the main cause of skills gaps. This calls for adult learning, including for STEM skills, digital and AI skills.

Today’s approach isn’t working

There is wide consensus about the urgency of the skills shortage. The EU, for example, set an admirable goal: 60% of adults should participate in training every year by 2030. Unfortunately, this goal still seems far away (2024: 39% according to the [EU Skills Agenda](#)). Other regions are not faring much better: across the [OECD](#), 43,7% of medium to high-skilled adults participate in

training, and only 23,1% of low-skilled adults (source: OECD). This difference also illustrates that **the people who are most in need of re- and upskilling are least likely to receive it.** The same phenomenon appears when looking at lower paid workers at risk of displacement, older workers, or unemployed. Somehow, the apparent political will is not translated into solutions.



In [The Reinvention Imperative](#) LHH surveyed outplacement candidates, showing that only 10.4% of displaced workers were provided any AI training through their employer, yet as they got into job search 72.5% of can-

didates took steps to learn AI in 2024. Clearly, candidates felt there was a gap between what their employer had provided them with and what they needed to be employable.

Fundamentally, skills and labour market policies operate on the basis of outdated assumptions, and they do not take into account changing demographics and rapid green and digital transformation.

Historically, it was expected that employers would ensure training for their employees, and government would support those out of work. A number of factors have upset that balance, however.

- Companies are no longer training for incremental developments, but for massive transformations which might exceed what employers can cover alone.
- An increasing number of workers are not bound to one single employer, but work on temporary contracts, agency contracts, or as freelancer. This means they are out of reach of the traditional, employer-driven trainings.
- Public Employment Services traditionally focused on unemployed people. In today's tight labour market, they are struggling to expand their reach to active workers who may need support.

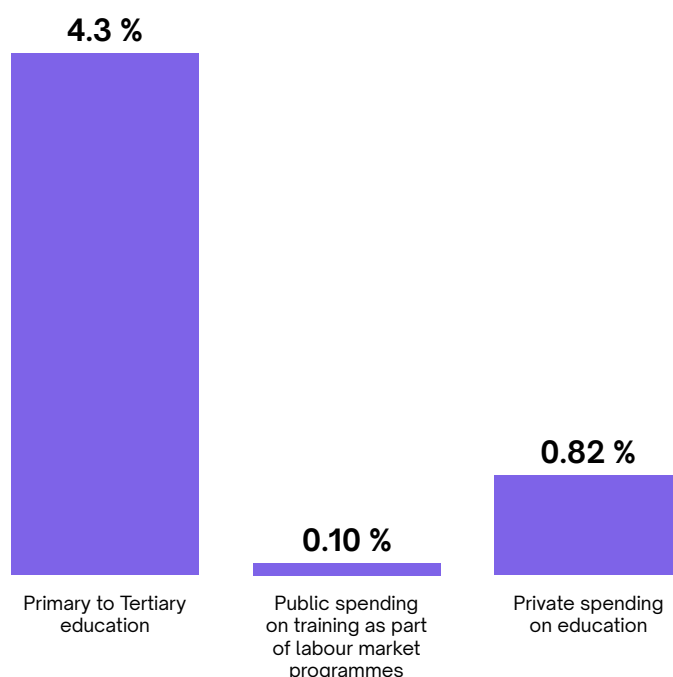
For governments, this means rethinking social protection and financing for re- and upskilling. For companies, it means rethinking their existing HR practices. In the long term, we know that it is less expensive for companies to upskill/reskill an existing employee than the full process of hiring and onboarding of new employees when taking into account lost productivity and severance costs. **Skills investment should be an attractive financial concept for businesses.**

Employers and governments have a joint responsibility for labour market training

Involvement of employers is crucial to ensure relevance of the training provided. We see however that public investment in training is significantly lagging behind. While public expenditure on initial education is around 4,3% of GDP ([OECD average](#), primary to tertiary

education), public expenditure on training as part of labour market programmes sits around 0,10% of GDP, and is trending downward ([OECD average](#) & full [data table](#)). Meanwhile, private spending on education sits at 0,82% of GDP ([OECD average](#)).

Total spend on education, re- and upskilling as % of GDP



We need a mindset shift

The key driver of more adult learning is to ensure more funds are available for labour market re- and upskilling.

We believe that today's skills mismatch is a crisis that should prompt countries to set a Training Norm of 0,5% of GDP by 2035.

Countries around the world all have unique ways of promoting re- and upskilling for workers. We do not believe there is a one-size-fits-all method for funding lifelong learning. A few countries have chosen a system of Individual Learning Accounts, others work with vouchers, tax credits, or yet other ways. What any

good system should have in common though is that employers should be involved to ensure training responds to a specific labour market need. Furthermore, policy makers should ensure training provisions also reach people in diverse forms of work.

Recommendations for further flanking actions

As indicated, we make the case that better skills outcomes rely first and foremost on more government investment.

In full acknowledgement of that starting point, we should of course also apply the right strategies so that we can reap the best results from those investments. There are some accompanying actions that policy

makers can take to get better training outcomes and thus ensure that the intended outcome is achieved, namely the employability of the worker.

Peer-to-peer learning

There are many pockets of excellence across the world when it comes to training provision, but they are not being repeated. For example:

- The Swiss, German, Austrian or Dutch VET system – each different in its approach yet with valuable outcomes. Key among the success factors is that an entire ecosystem of companies joins forces.
- The collaboration between Public and Private Employment Services in Belgium, the Netherlands or in regions of Italy.
- The obligation to dedicate a percentage of the wage sum into an education fund as in France, Italy and Spain.
- Skills Future Singapore, the government programme to invest in lifelong learning.

Countries would do well to learn from best practice examples as collected for example by the OECD. In an EU context, countries should consider stronger alignment with a bigger role for the European Commission.

New models and partnerships in education and training

We welcome attempts to promote the use of micro-credentials to support more bite-size and fit-for-purpose training.

We believe more can be done, for example by simplifying accreditation processes for providers of new education programmes such as coding bootcamps.



Promoting work-based learning

- Apprenticeships have long been a priority topic for many countries. That work-readiness instrument was notably identified as a priority by the European Commission, setting up a European-wide Alliance for Apprenticeships in 2013, which the Adecco Group joined from its inception, to radiate across all Member States. The Adecco Group fully supports investments in quality apprenticeships. At global level, the Global Apprenticeship Network was established in 2013 as well, as an outcome of the G20 process, with the Adecco Group joining the Network within 6 months and holding the Chair for many years. The ILO adopted a Quality Apprenticeship Recommendation, a process which the Group has supported throughout. Unfortunately, too many countries are still reluctant to organise education more often through an apprenticeship model. More action is needed.
- We continue to encourage countries to embrace work-based learning throughout the education journey. Crucially, this should not only apply to education leading to blue collar jobs. All education would benefit from a stronger link with real workplaces. Meanwhile, companies themselves should also consider where they could enable more learning opportunities in their workplaces.



Innovative financing for re- and upskilling

- Access to available financing often is unnecessarily complex.
- In Europe, the EU and its Member States should increase and radically reform existing programmes like the European Social Fund.
- We believe that Individual Learning Accounts (ILA's) can be an important way to support financing of adult learning, particularly for workers who are not in a position to receive training from their employer. It is also important to support individuals regardless of their employment status. ILA's need to be designed carefully to ensure they only support training that is relevant for their job or their career, and to ensure they are funded adequately and appropriately. It is disappointing to see that despite a European approach ([the 2022 council recommendation](#)), EU Member States have not yet fully embraced this tool (either).
- For an employer, skills training is often considered a cost rather than a business investment. This makes it less attractive for employers fund training programming. For this reason, the Adecco Group has since 2019 been suggesting to rethink workforce investment, arguing that accounting standards may need to be updated. This may be particularly helpful for SMEs. As accounting standards are global, it requires a significant policy reform which can only be achieved when countries around the world get together and accept an aligned approach to this.



Removing other obstacles to adult learning

When companies go through restructuring or enter staff into short-time working schemes, for example due to the effects of the digital and green transition, re- and upskilling need to play a most prominent role. This is first and foremost a responsibility of social partners. They should be encouraged to include (financing for) career guidance and skilling as basic support measures for all workers in social plans, or even earlier, in regular Collective Labour Agreements.

- When deciding on whether to validate or declare generally binding the outcome of any collective bargaining, labour ministers should take this element into account more strongly.

The time required for effective training (which is not spent in the workplace or covering care duties at home) is another challenge, both for the worker and their employer. Even when both sides see the benefits of training, it may not always be easy to practically organize training without impacting workers' care duties, or companies' ability to serve their clients. There should be much more attention to those challenges, especially for SMEs, and especially in sectors and for roles where there is a heightened risk of job displacement.

A final hindrance to the uptake of training is that workers may not always see the need or may not have the motivation to engage in training, or may not even know what training to follow.

- We know from experience that providing career guidance can make a tangible difference here in the orientation, uptake of training, and career outcomes. Data from LHH ([The Career Guidance Imperative](#)) shows that 92% of career transition candidates agree that career coaching had practically guided their job transition, and 86% of them made better use of the skilling programmes by receiving career guidance prior to participating. Similarly, 58% of candidates in an outplacement indicate they are pivoting careers. ([Link](#))
- Policy makers should ensure that workers, but particularly people at risk of job displacement should have better access to Career Guidance services. This is an area where public employment services and private employment services can and should collaborate closely.
- When proper support is offered to people, policy makers should not refrain from introducing stronger incentives for jobseekers to use this support. In some cases, training could be made a condition for receiving social protection and income support.

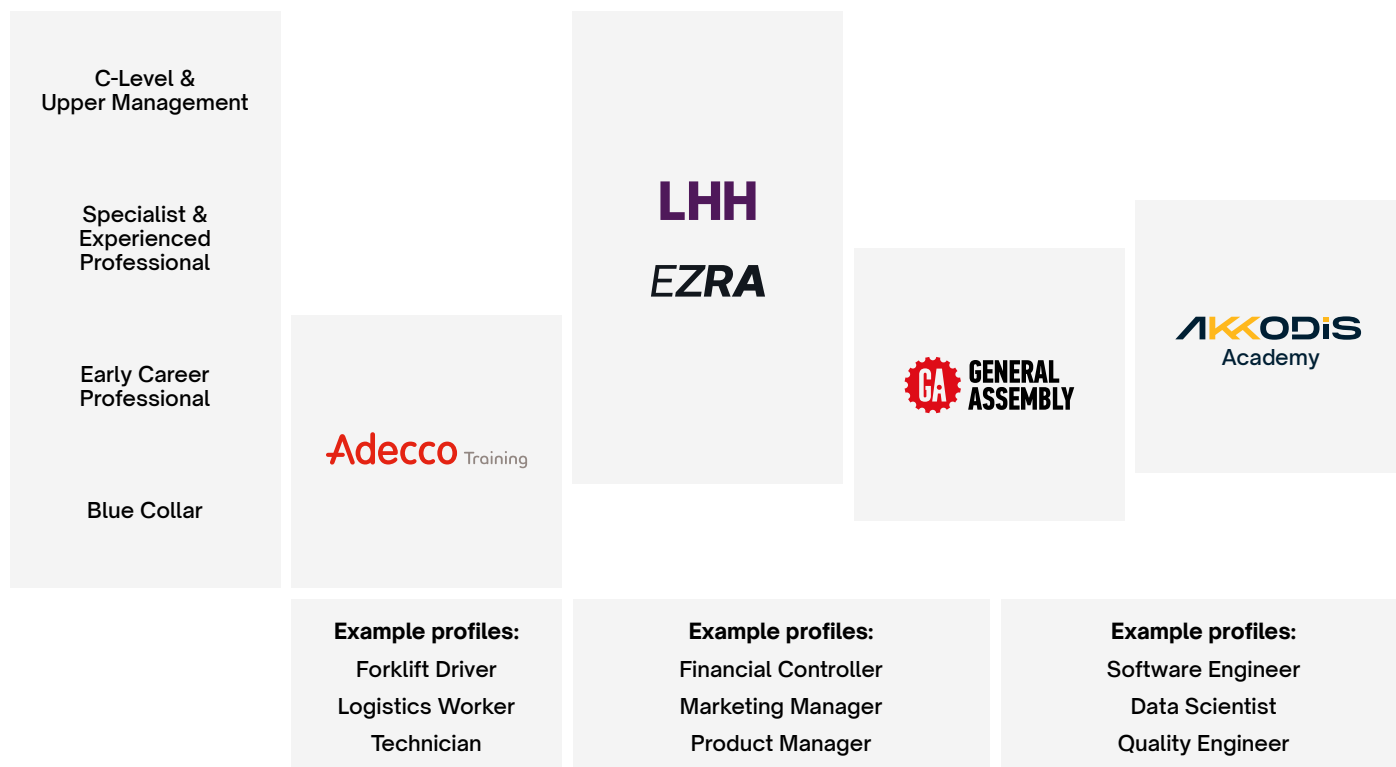


The Adecco Group is walking the talk

At the Adecco Group, we have a wide range of skilling solutions across the talent spectrum. In 2024, we up-/

reskilled more than 883,000 individuals – not including the training our internal colleagues receive

Overview of the Adecco Group Skilling Solutions



Some examples of our training solutions include the following:

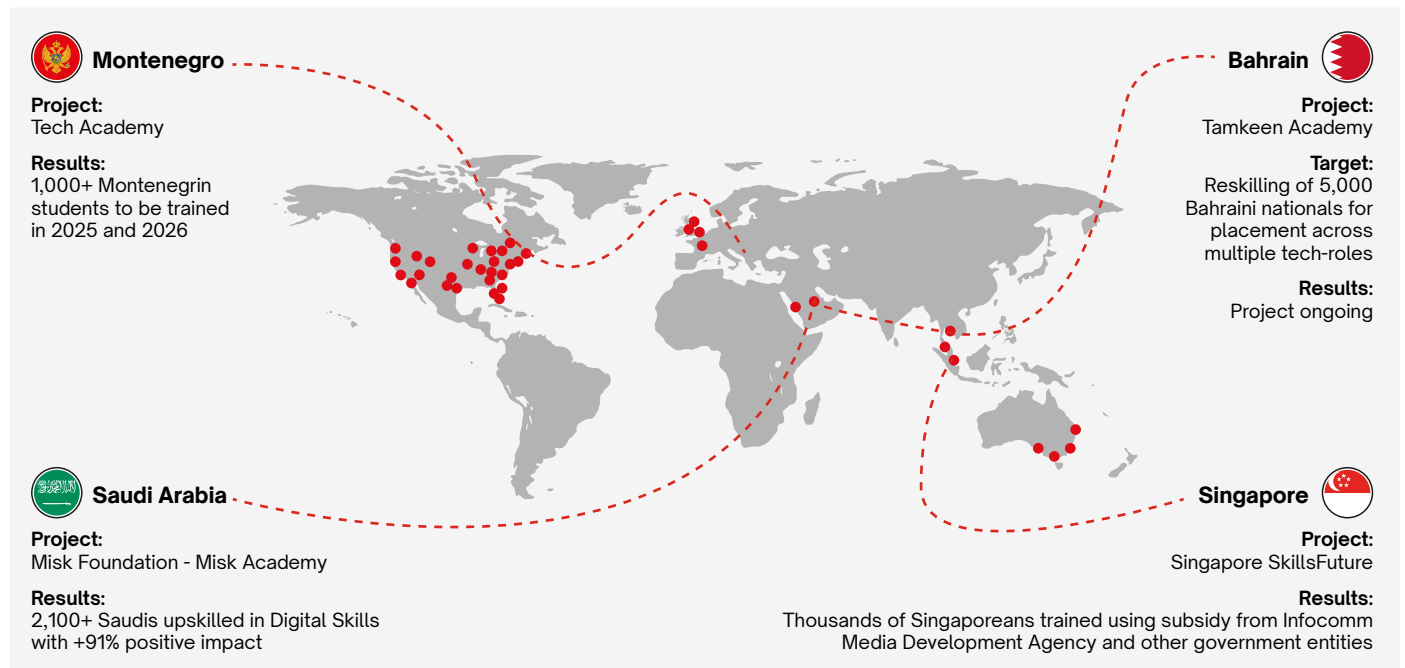
At Adecco Training, we developed a Forklift Academy, including Virtual Reality training. This training is now available in multiple countries including Belgium, Switzerland and Germany.



General Assembly Tech Academies

At General Assembly, we partnered with national governments across the world to set up bespoke GA Tech Academies that provide opportunities to grow native

talent, encourage business investment, and upskill local learners in for the digital economy.



AKKODIS Academy

At Akkodis Academy, we designed and delivered a tailored skilling program for a world leading automotive supplier. The goal is to re-skill 500 mechanical engineers into the skillsets needed following the client's new strategic direction of being an e-mobility- and software-driven company. Akkodis Academy Germany is able to deploy skilling programs with substantial financial support from the German Labor Agency for the client's labor and program costs.

After completing the learning path, the participants entered an internship period with a project from their new organizational unit. They received access to a technical mentor as well as learning reflection exercises on an individual and group level. The goal of this period is to iteratively reintegrate the newly formed experts into the operational work environment. At the same time, this ensured that they were ready for their new chapter in their professional life.



For further information or insights,
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